

City of San Jose
Former San Jose Medical Center Site
Land Use – Health Care Study

Stakeholder Advisory Committee Meeting
Northside Community Center
Wednesday, November 7, 2007
6:00 – 9:30 p.m.

DRAFT SAC MEETING NOTES

Committee Members Present: Andrew Reid, Bob Brownstein, Dennis Hickey, Ernie Wallerstein, Gary Schoennauer, George Chavez, Jim Murphy, Joe Pambianco, Jody Hansen, Julia Ostrowski, Les Levitt, Nancy Hickey, Paula Velsey, Roz Dean

Staff Present: Allen Tai, Rachel Roberts, Sylvia Do

Consultants Present: Dr. Henry Zaretsky

Facilitator: Kip Harkness

1. Welcome and Introductions.

2. Public Comments:

Carel Boekema submitted a letter prepared by Judi Henderson, V.P. of the Preservation Action Council of San Jose, requesting that there be no demolition of the former San Jose Medical Center building until a Draft EIR is made public and is reviewed by the public, staff and elected officials and the document is certified. The Draft EIR should include a detailed and comprehensive history and assessment of all cultural resources on site, including its structures.

3. Small Group Meeting Discussion/Recommendations Update:

Kip Harkness summarized the Small Group Discussion that occurred on November 2nd. He reminded the Committee that the Small Group Discussion was to bring together representatives of the four stakeholder groups (Business, Neighborhood, Healthcare, and Property Owner) to discuss outstanding recommendations that have the support of the majority of the stakeholder groups but not the support from the Property Owner. These recommendations are otherwise known as Community Support Recommendations. The stakeholder representatives believed that a number of outstanding recommendations were worthy of bringing back to the larger Committee for discussion.

There are a number of recommendations that do not have the support of the property owner and are not going to be full recommendations of the Committee, but under the adopted Decision

Making Framework these recommendations may be considered Community Support recommendations.

There was discussion on the consideration of a study of the financial impact on local hospitals, such as Valley and O'Conner, if an additional hospital were to be built. The SAC also discussed the pros and cons of land banking versus waiting until market forces drive the need for a new health facility.

Gary Schoennauer asserted that the studies, up until this point, have all indicated that there isn't a real need for another hospital; and that though there may be a shortage of beds that shortage will be made up for by the expansion plans of the existing hospitals.

Bob Brownstein stated that banking land now opens up an opportunity to utilize the land--for whatever purpose--sometime in the future, and that the City banks land all the time, even when there are no signs of interest evident from commercial industries or other parties.

Dr. Zaretsky summarized the overall picture of what occurred when the San Jose Medical Center was closed: the community lost an emergency room, some beds, ready access to a nearby hospital, and doctors who had offices around the hospital that moved out of the area. The most important loss was the emergency room. Kaiser hospital was not taken into account in Dr. Zaretsky's assessment, since it is a closed system available only to members. Therefore, he only looked at the neighboring hospitals, such as Regional, O'Conner and Valley to act as substitutes.

Dr. Zaretsky pointed out three basic needs, in priority order, as follows:

1st priority need is for a non-profit Primary Care Community Clinic which does not discriminate based on financial class, is reliable and will treat anybody; with or without insurance.

2nd priority need is for an Urgent Care Center, to at least partially replace an emergency room, which has to be part of a hospital (not simply a Medical Clinic), since it must have 24-hr access, and must have access to the various lab equipment and services that a hospital has.

3rd priority need is to ensure that there are a sufficient number of beds to serve the needs of the downtown community.

Dr. Zaretsky explained that if Regional goes ahead with their Phase II expansion plans, and O'Conner goes ahead with their plans, it may be determined at some point that it is not feasible to build another hospital. Not building a hospital may actually motivate these other facilities to take action and expedite their expansion efforts. The planning process must be started soon, because there is a lot of lead-time. If it appears that there will be an adverse financial impact on the existing hospitals then it may be determined that building a new hospital is not financially feasible. He introduced the notion of building a hospital further north, to tap into a very high growth area, enabling the hospital to serve both communities. By taking this approach the community can get a larger and better hospital, more financially feasible, and with less negative financial impact on the other existing hospitals.

Dr. Zaretsky pointed out that the map graphically demonstrates downtown overlaps, as well as the gaps where service is lacking. He also pointed out that the studies have shown that downtown San Jose is closer to emergency rooms than over half of the County's population.

Kip summarized the map details and explained that on the East Bay side the next hospital to the north is Washington Township. On the Peninsula side, after you get past Kaiser in Santa Clara, you have El Camino and Stanford hospitals. Southerly, there is Los Gatos, Good Samaritan and Kaiser-Santa Teresa.

Dr. Zaretsky stated that the real need is for more capacity in the existing emergency departments. He further explained that one of the most important things that a hospital has is an emergency service, but it's still a small part of the hospital. If there's not enough emergency capacity, then the local providers have to be urged to expand their capacity -- number of greeting stations, number of ICU beds, etc. Dr. Zaretsky concluded that building a separate hospital to increase emergency room capacity would not be the wisest use of resources.

Andy Reid stated that in contrast to HCA's general assertion that a hospital will be built based primarily on market demand, he feels that the City must be more proactive and make preparation now for a hospital to serve those areas that don't already have sufficient health care services.

Dr. Zaretsky asserted that if it is left up to the market to determine whether a hospital is needed or not, most likely the market will end up placing the hospital a little too far north; so he recommends not simply allowing the free market to determine the location of the hospital, but to give the market's determination a bit of a "nudge" toward the south, since the community will be better off as compared to where the "unfettered market" might put it.

Roz Dean pointed out that there is a transportation issue, and that the public transportation to Regional, O'Conner and Valley Medical center is lacking, and therefore should be addressed.

Kip Harkness pointed out that, coming out of the small group meeting, there were three basic points that seem to stand out. The location of the future hospital site, HCA's active involvement in support of the clinic expansion idea, and the operating costs of the expansion (specifically the operating costs of urgent care). Kip stated that from all that has been learned so far, urgent care is not in and of itself a profitable business to be in, and that one of Gardner's main concerns, and hesitation to enter into the urgent care business, is concern for financial loss to their bottom line. Therefore, finding some way to subsidize urgent care presents a major challenge.

A discussion took place on the outstanding recommendations. The discussion topics include:

- Whether to preclude any re-zonings of the site until a solid plan is in place for a new hospital.
- The definition of "meaningful support" versus "significant support" as it relates to HCA's fair share contribution to supporting health care services in the Downtown community.
- The value that HCA gains by developing mixed-use on the site in the future.
- The need to support redevelopment of the site in order to prevent blight.

Kip Harkness shifted the discussion to a recommendation related to Operating Partnerships. Kip explained that the general aspect here is to look at partnerships, and the specific aspect is to look at health trusts. He explained that there is an extremely clear connection between the creation of The Health Trust, which is a 501c3 Non-Profit here in California, and the health care needs that have been discussed. The State mandate of The Health Trust is specifically to address that gap which was created when the hospital transferred from a non-profit to a for-profit status. The Health Trust has done extremely well and wisely invested their income, and I believe they have approximately one-hundred and thirty million dollars currently in the bank to serve the health care gap that was created again when SJMC closed.

Kip Harkness clarified that the SAC had come to the end of the first phase of the decision making process, and that there are basically two levels of recommendation. One is the 'full Task Force' set of recommendations and the other is the set of Community Support recommendations. He announced that they already have some agreement among the committee for recommendation items 1 thru 44, and that he will be going over pages 5 and 6 to see if any of those recommendations make it in to the initial set of 44 recommendations. Then there will be a vote of the totality of those recommendations as a whole.

Green Vote = Yes

Yellow Vote = Neutral

Red Vote = No

Kip explained that he will start with the item H recommendation, Jim Murphy's recommendation which is detailed up on the flip chart. It refers essentially to points 14 and 15, or the Joint City county Taskforce and General Plan process of looking at health care. It reads as follows: "The planning process should include three things: #1 An analysis of future demand for hospital health care services; #2 A look at capital expansion plans; that is to say an analysis of capacity and future capacity; and #3 An assessment of the risk of any of the options that are explored or selected, to the existing health care system."

A vote was taken for item Recommendation H, which resulted in consensus. Since one business rep (Dennis Hickey) and one neighborhood rep (Patti Phillips) are absent, there were a total of 13 Green votes and any vote of 7 or more would be considered a majority vote.

A vote was taken for item Recommendation G, which reads "Explore options with VTA and or other independent living services to increase access, stream line process and decrease cost for transportation for non-emergency health care needs." Again, the vote reached a consensus.

Kip brought up Recommendation F for a vote, which refers to the use of the most northerly lot on E. St John St. (currently a parking lot) to be developed into a maximum of two-story residential use, unless the land is required for the expansion of the primary nursing care clinic. 10 Green, 3 Yellows (Ernie, Nancy, Roz) Passes as a recommendation.

Item 34 (St. John Street Closure) – The recommendation is to remove Item 34 from the list. The request comes from the neighborhoods.

12 Green, 1 Yellow (Ernie), therefore Recommendation 34 is removed from the list.

Item 29 (Traffic Calming) – to be left in place; no action, remains part of the larger list.

Item 28 (Parking Structure Design) – with one additional phrase, “underground and/or below grade parking is preferred where technically feasible” as opposed to structured or even more so surface parking. 12 Green, 1 Yellow (Ernie) Passes as a recommendation.

Item 21 (Building Massing Step Back) – with the addition of “maximum of two stories”
9 Green, 4 Yellows (Roz, Nancy, Ernie, Jody) Passes as a recommendation.

Dr. Zaretsky made a clarification regarding Recommendation E, that he does not recommend a Specialty Hospital. He further emphasized that having no hospital would be better than having a Specialty Hospital.

Item E (Future Hospital Site) – There was a discussion of the “A thru E” site options on the list, with feedback from several SAC members on various issues, resulting in the following revisions to the language:

- Addition of “at least” to the number of acres required, as a minimum.
- Overall rewording, to include the two above additions, would read:
“If the process to identify a site for future health and hospital services needed for downtown and North San Jose (recommendations 14 and 15) fails to identify and designate a viable hospital services site within two years, the City should designate at least 5 acres as a holding site for a hospital, either on the sites examined (a, b, c, d, e) or “f” -- other city or county controlled properties.”

11 Green, 1 Yellow (Jody), 1 Red (Ernie)

Passes as a recommendation.

Recommendation D (Operating Partnerships) – some discussion about changing the wording but general agreement to keep the wording the same.

9 Green, 4 Yellow (Roz, Andrew, Jim, Bob)

Passes as a recommendation.

Recommendation Cb (HCA Support for Primary/Urgent Care Clinic, 2nd Alternative)

“HCA should provide meaningful support that facilitates a viable plan for a new/expanded primary/urgent care clinic serving downtown.”

13 Green (full consensus, including the property owner)

Passes as a recommendation.

Recommendation Ca (HCA Support for Primary/Urgent Care Clinic, 1st Alternative)

“HCA should provide significant support (e.g., in land and/or capital costs) for a new/expanded primary/urgent care clinic serving downtown.”

7 Green, 3 Yellow (Bob, Ernie, Roz), 3 Red (Gary, George, Jody)

Does not pass in terms of a potential Community Support recommendation, because of objection of the Business stakeholder group.

Recommendation B (Health Care Reform) – “Uses for the site should be considered based on possible insurance and health care reforms and not strictly on the current state of the market.” (Refers to the current medical site.)

8 Green, 2 Yellow (George, Jim), 3 Red (Gary, Jody, Joe)

Does not pass as a full recommendation, but as it stands right now it would be potentially a Community Support recommendation.

Recommendation A (Long-Term Planning) – “Uses for the site should be considered based on long-term planning; i.e., 10 to 50 years into the future.”

12 Green, 1 Red (Joe)

Passes as a recommendation.

Joe noted that he voted against item A recommendation, since this should be a part of the normal planning process anyway.

4. Final Action on Health Care and Land Use Recommendations:

Kip Harkness explained that there is a final total of 52 recommendations that are being taken together as a whole, which includes a combination of 43 recommendations (44 minus Item 34 which was removed from the list) enumerated on pages 1 thru 4, plus the additional items: A, Cb, D, E (as reworded significantly), H (as stated up on the board), 21, 28, 29 (not technically counted as part of the 52, since 29 already stands), F & G (with the preamble expunged and the ‘exclusivity of seniors’ erased). Kip Harkness stated, “This initial vote is to determine whether these 52 items pass as a group recommendation by this body for consideration by the Planning Commission and City Council.”

There was one objection from Les Levitt and one neutral from Paula Velsey and the rest of the votes showed full support; therefore all 52 items were adopted as formal recommendations of the SAC and will be brought to the City Council for consideration.

Les Levitt explained why he voted against the 52 recommendations. He stated that voting on the recommendations as a package indicates a significant flaw in the process. He explained that he did not have time to go back to the neighborhood organization that he represented to discuss them. He thought that these recommendations were tentative and was expecting that the SAC will re-vote on each of the recommendations individually.

Kip Harkness explained to the SAC that what is left is the consideration of items which potentially fall into the category of Community Support recommendations. These are items that will be presented to the Council with the understanding that they are over the objection of the property owner. He further explained that he would start on page 7 and work backwards. He pointed out that the procedures would require that the three stakeholder groups (neighborhood, health care and business), be in agreement with the overall majority, in order for a set of recommendations to pass as Community Support recommendations.

Julia Ostrowski proposed making a wording change for item 51, to remove the ‘on site’ designation.

The revised language is as follows: “In addition to the land required for a Primary or Urgent Care Facility, the land should be set aside or reserved for a future hospital.”

Gary also pointed out that though they (HCA) didn’t support a new hospital being built at the original SJMC site, they did support the notion of trying to secure a hospital some place else.

Roz pointed out that item E, on page 5, addresses alternative site options.

The SAC voted on Recommendations 51 and 50.

The vote for item 51:

10 Green, 2 Yellow (Jody, Bob), 1 Red (Gary)

The vote for item 50:

8 Green, 2 Yellow (George, Joe), 3 Red (Jody, Gary, Les)

Bob Brownstein commented that all of the work completely thus far has really been directed to a compromise. Many of committee members entered the process wanting another hospital, not land but a hospital. The property owner came in wanting the maximum value to be generated from the property. The compromise was a residential development, residential and retail that would generate substantial revenue for the property owner, and a Primary Care/Urgent Care Clinic, either on the site, or on another suitable facility, that would meet the health care needs of the community. The fact that the property owner has rejected this proposal in the past demonstrates that they have no commitment to that compromise and it affirms the important need for the rest of the community to make clear to the City Council that what the SAC were working on was in fact a compromise and not a give away.

Gary Schoennauer pointed out that he was troubled about the phrase “allow the remainder of the site...” since it implies that there may be a major commitment on the part of the landowner to either include a health care related facility at the site, or something else. He suggested that there be an amendment to revise the wording. Joe Pambianco suggested that the wording “remainder of the site” be changed to read “development of the site consistent with the land use recommendations.” The “remainder of the site” is confusing as a stand-alone statement.

Bob said he would be willing to take out the word “remainder” since it’s uncertain where the site for the Primary Care Clinic is going to be, and change the statement to read “allow the site to divert to uses consistent with the land use recommendations of the Stakeholder Advisory Committee, mixed use residential and retail, only if the contribution of the property owner and other resources available are sufficient, and in place, to support the health care recommendations of the Stakeholder Advisory Committee (Primary Care Clinic/Urgent Care Clinic).”

Kip asked Gary for his response to the rewording.

Gary was concerned with the later half of the paragraph because he believe that it is too open-ended question for the property owner to agree with. It basically says “no matter what it takes, if

The Health Trust goes away, if Gardner decides they can't afford to do urgent care, if there is no urgent care operator that comes forward, it all falls on HCA, and that is unrealistic to agree with.

Kip asked Gary if he had any further suggestions regarding the rewording of the statement. He did not. There was some additional discussion as to what the new wording Bob came up with would mean, then Kip reread the revised wording and asked for a vote from the SAC.

The vote for item 50:

8 Green, 2 Yellow (Joe and George), 3 Red (Gary, Jody, Les)

Majority support, therefore will become a 'community support' recommendation.

The vote for item 49:

4 Green, 3 Yellow, 6 Red (Dennis, Joe, George, Judy, Gary, Les)

No majority support, therefore will not become a 'community support' recommendation.

The vote for item 48 (Added to Potential Taskforce Recommendations from the Small Group Meeting list): skip over for now; will deal with later.

The vote for item 47 (Zoning Historical Use):

8 Green, 3 Yellow (Jim, Andrew, Jody), 2 Red (Gary, Joe)

Majority support, therefore will become a 'community support' recommendation.

The vote for item 46 (Zoning Public/Quasi Public):

3 Green (Roz, Jim, Nancy), 3 Yellow (Andrew, Paula, Julia), 7 Red

No majority support, therefore will not become a 'community support' recommendation.

Les Levitt stated that this recommendation was introduced months ago with the intent of keeping the focus of the work of this committee on health care and when we were only talking about health care facilities on the San Jose hospital site. But since that time the location options have expanded. The intent, however, is still valid.

The vote for Recommendation #45:

1 Green (Nancy), 4 Yellow (Roz, Julia, Paula, Jim), 8 Red

No majority support, therefore will not become a Community Support recommendation.

Kip Harkness recapped the voting situation, to clarify that item recommendations 51, 50 and 47 have now become Community Support recommendations.

Ernie Wallerstein left the meeting.

Kip pointed out that there are no items that need to be considered on page 6. All of those passed on as part of the recommendations of the full Task Force. Kip moved on to page 5, item B, regarding health care reform, which reads: "Uses for the site should be considered based on possible insurance and health care reforms and not strictly on the current state of the market."

Kip added that the intent regarding item B recommendation is that “as you are thinking through these things, realize that the health care landscape will change and take that into account as you are thinking about what to do and what not to do.”

The vote for item B (Health Care Reform)

9 Green, 2 Yellow (Jody, Joe), 1 Red (Dennis)

Majority support, including that of the property owner, so it gets included with the original full Task Force list of 52 recommendations, which now has increased to 53.

Kip confirmed that the decision making process, on behalf of the SAC, has come to an end and thanked the committee members for all their hard work and perseverance through the lengthy process.

Joe Pambianco commented that Recommendation 50 is the one place in all the SAC recommendations where we do articulate the tradeoff, and where the SAC instructs the City Council and staff to go and negotiate hard, don't give this away to HCA, and ask for meaningful concessions. He stated that he believe this really does sum up the set of recommendations for the Council to go talk to HCA, hold their feet to the fire, and try and get some meaningful concessions.

5. Next Steps

Staff explained that the recommendations will be transmitted via a memo to the City Council. Staff will notify the SAC and interested parties when the matter will go before the City Council.

Meeting adjourned at approximately 9:30 p.m.